

UNCLASSIFIED

C110

PAGE 01 LONDON 27832 01 OF 03 301333Z
ACTION OCS-06

INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 CIAE-00 H-01
NSCE-00 NSAE-00 L-03 PA-02 PPT-01 CA-02 DS-01
DSE-00 /027 W -----116777 301451Z /43

P 301327Z DEC 86

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5829

INFO AMEMBASSY DUBLIN

AMCONSUL EDINBURGH POUCH)

AMCONSUL BELFAST POUCH)

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
 Release () Excise () Deny () Declassify
Date 2/21/02 Exemption _____

R

UNCLAS SECTION 01 OF 03 LONDON 27832

E.O.12356: N/A

TAGS: PREL, IR, UK, CASC (HERRMANN, WILLIAM)

SUBJECT: LONDON SUNDAY TELEGRAPH REPORTS JAILED

- U.S. CITIZEN'S CLAIM OF INVOLVEMENT IN
- ARMS-FOR-HOSTAGES NEGOTIATIONS WITH IRAN

REF: LONDON 027811

1. THERE FOLLOWS THE TEXT OF A DECEMBER 28 ARTICLE FROM THE LONDON SUNDAY TELEGRAPH REPORTING THE CLAIM MADE BY AMERICAN CITIZEN WILLIAM HERRMANN THAT HE WAS INVOLVED IN ARMS-FOR-HOSTAGES NEGOTIATIONS WITH IRAN. AS REPORTED REPTEL, THE ARTICLE IDENTIFIED HERRMANN AS "A FORMER CIA AGENT" AND SUGGESTED THAT THE USG HAD INTERVENED TO DELAY HMG APPROVAL OF HERRMANN'S REQUEST FOR TRANSFER TO A STATESIDE PRISON IN ORDER TO PREVENT HIM FROM TESTIFYING BEFORE THE SENATE INQUIRY INTO IRANIAN ARMS SALES. (THE ARTICLE ALSO ALLEGED THAT HERMANN'S COUNTERFEITING ACTIVITIES IN THE UK WERE PART OF A COVERT FBI OPERATION.)

2. TEXT OF SUNDAY TELEGRAPH ARTICLE:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 27832 01 OF 03 301333Z

JAILED CIA MAN CLAIMS US LIED OVER IRAN ARMS DEAL

BY SIMON O'DWYER-RUSSELL, DEFENCE CORRESPONDENT

MEETINGS BETWEEN AMERICAN AGENTS AND SENIOR IRANIAN GOVERNMENT OFFICIALS WHICH LED TO THE IRAN HOSTAGE-FOR-ARMS DEAL TOOK PLACE IN LONDON ALMOST A YEAR EARLIER THAN HAS BEEN ADMITTED BY THE REAGAN ADMINISTRATION, A FORMER CIA AGENT NOW JAILED IN LONDON CLAIMED LAST NIGHT.

WILLIAM HERRMANN, WHO HAS SERVED AMERICA'S CENTRAL INTELLIGENCE AGENCY IN BOTH IRAN AND IRAQ DURING THE

LAST 10 YEARS SAYS HE NOW WANTS TO RETURN TO WASHINGTON TO TESTIFY TO THE SENATE "IRANGATE" ENQUIRY.

HERRMANN MET MENUCHAR GHORBANIFAR, A SENIOR OFFICER IN THE IRANIAN SECRET SERVICE RESPONSIBLE FOR SECURITY OF IRANIAN EMBASSIES AND DIPLOMATS IN EUROPE, AS EARLY AS OCTOBER 1984 TO DISCUSS THE PROSPECTS OF AN AMERICAN ARMS SALE TO IRAN IN EXCHANGE FOR THE RELEASE OF HOSTAGES IN LEBANON.

TO DATE, THE REAGAN ADMINISTRATION HAS INSISTED THAT THE FIRST CONTACTS WERE MADE THE FOLLOWING SUMMER IN AUGUST 1985.

DURING THE MEETING, WHICH TOOK PLACE AT THE CHURCHILL HOTEL IN LONDON, GHORBANIFAR ADMITTED THAT TEHERAN HAD "A LITTLE INFLUENCE" WITH THE ISLAMIC TERROR GROUPS IN LEBANON, AND THAT THE RELEASE OF AMERICAN HOSTAGES COULD BE SECURED IF THE UNITED STATES WAS WILLING TO SUPPLY WEAPONS TO IRAN.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 27832 01 OF 03 301333Z

HERRMANN SAYS THAT GHORBANIFAR'S ORIGINAL REQUEST WAS FOR THE SUPPLY OF 10,000 TOW ANTI-TANK MISSILES FOR WHICH HE SAID IRAN HAD "A CRITICAL NEED" IN THE GULF WAR.

SPEAKING EXCLUSIVELY TO THE SUNDAY TELEGRAPH DURING A VISIT TO WANDSWORTH PRISON, HERRMANN CLAIMED LAST WEEK THAT THE CIA HEADQUARTERS IN Langley, Virginia, HAD ASKED HIM TO ESTABLISH CONTACT WITH GHORBANIFAR TO DISCOVER WHETHER IRAN WAS WILLING TO CONTEMPLATE SUCH A DEAL.

ACCORDING TO HERRMANN: "I WAS THOROUGHLY BRIEFED BY THE CIA BEFORE THIS MEETING AND ASSURED THAT THE SALE OF WEAPONS IN RETURN FOR THE RELEASE OF HOSTAGES HAD BEEN COUNTENANCED AT THE HIGHEST LEVEL WITHIN THE AGENCY."

DURING THE MEETING, IT WAS AGREED THAT AN AGRICULTURAL EQUIPMENT AGENCY SHOULD BE ESTABLISHED WITHIN IRAN BY A FAMILY WITH A EUROPEAN BASE. THIS COULD THEN SERVE AS A COVER FOR THE EXPORT TO IRAN OF AMERICAN WEAPONS.

THE MEETING TOOK PLACE AGAINST THE BACKDROP OF DEEP AMERICAN CONCERN OVER THE FATE OF THE CIA STATION CHIEF IN BEIRUT, MR WILLIAM BUCKLEY, WHO WAS KIDNAPPED BY THE ISLAMIC JIHAD GROUP IN MARCH 1984.

THE CIA WAS WORRIED THAT UNDER STRENUOUS INTERROGATION, BUCKLEY WOULD REVEAL HIGHLY-SENSITIVE INFORMATION ABOUT CIA OPERATIONS THROUGHOUT THE MIDDLE EAST. BUCKLEY HAS NEVER BEEN RELEASED AND IS BELIEVED TO HAVE BEEN MURDERED BY HIS CAPTORS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 LONDON 27832 01 OF 03 301333Z

UNCLASSIFIED

NNNN

UNCLASSIFIED

PAGE 01 LONDON 27832 02 OF 03 301335Z

ACTION OCS-06

INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 CIAE-00 H-01
NSCE-00 NSAE-00 L-03 PA-02 PPT-01 CA-02 DS-01
DSE-00 /027 W
-----117041 301451Z /43

P 301327Z DEC 86
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5830
INFO AMEMBASSY DUBLIN
AMCONSUL EDINBURGH POUCH)
AMCONSUL BELFAST POUCH)

UNCLAS SECTION 02 OF 03 LONDON 27832

E.O.12356: N/A

TAGS: PREL, IR, UK, CASC (HERRMANN, WILLIAM)
SUBJECT: LONDON SUNDAY TELEGRAPH REPORTS JAILED
HERRMANN SAYS THAT G
ORBANIFAR WAS AN IDEAL NEGOTIATOR
FOR THE IRANIAN GOVERNMENT. HE HAD DIRECT ACCESS TO THE
PRIME MINISTER AND EASE OF TRAVEL THROUGHOUT EUROPE
BECAUSE OF HIS DIPLOMATIC STATUS.

FOLLOWING THIS FIRST MEETING, HERRMANN AGAIN MET
GHBORANIFAR IN LONDON IN DECEMBER 1984 AND WAS
INTRODUCED TO CYRUS HASHEMI WHO GHBORANIFAR CLAIMED
WOULD ACT AS A THIRD PARTY IN THE TRANSACTION.

AFTER THIS SECOND MEETING HERRMANN RETURNED TO AMERICA
AND WAS DEBRIEFED BY THE CIA. IN REACTION TO
GHBORANIFAR'S REQUEST FOR TOW MISSILES, IT WAS DECIDED
THAT A THIRD PARTY SOURCE SHOULD BE SOUGHT FOR THE
WEAPONS RATHER THAN DIRECT SUPPLY FROM THE U.S.
GOVERNMENT.

DURING A SERIES OF SUBSEQUENT MEETINGS IN EARLY 1985,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 27832 02 OF 03 301335Z

WHICH TOOK PLACE BOTH IN LONDON AND HAMBURG, HERRMANN
CLAIMS THAT GHBORANIFAR FIRST BROACHED THE IDEA THAT THE
FUNDS FROM THE SALE OF WEAPONS TO IRAN SHOULD BE
CHANNELLED TO THE "CONTRA" GUERRILLAS IN NICARAGUA.

GHBORANIFAR APPARENTLY FELT CERTAIN THAT BY ASSISTING
THE REAGAN ADMINISTRATION AND CIA IN PROVIDING MORE
FUNDS FOR THE CONTRAS THAN CONGRESS WAS READY TO
SANCTION, IRAN WOULD PAVE THE WAY FOR FUTURE COVERT ARMS
SALES.

IN ADDITION, HERRMANN SAYS THAT IRAN WAS KEEN TO ACQUIRE
SOME OF THE SMALL ARMS THAT WERE BEING PURCHASED AND
SUPPLIED BY THE AMERICANS TO THE CONTRAS.

IF THE IDEA OF ARMS FUNDS BEING DIVERTED TO THE CONTRAS

WAS INDEED A SCHEME FIRST BROACHED BY THE IRANIANS, IT DISPUTES EVIDENCE SO FAR GIVEN BY THE REAGAN ADMINISTRATION WHICH WAS THAT THE CONTRA CONNECTION WAS ONE ESTABLISHED BY THE WHITE HOUSE NATIONAL SECURITY STAFF TO CIRCUMVENT CONGRESSIONAL LIMITS ON ASSISTANCE TO THE NICARAGUAN OPPOSITION GROUP.

HERRMANN, WHO WAS ARRESTED IN LONDON IN MAY 1985, AND IS CURRENTLY SERVING AN EIGHT-YEAR SENTENCE IN WANDSWORTH FOR HIS INVOLVEMENT IN A COUNTERFEIT OPERATION, IS ADAMANT THAT "THE TRUTH IS NOT BEING TOLD IN THE SENATE INTELLIGENCE COMMITTEE HEARINGS IN WASHINGTON."

THROUGHOUT HIS TRIAL, HERRMANN'S DEFENCE COUNSEL MAINTAINED THAT HE HAD INFILTRATED THE LONDON-BASED COUNTERFEIT ORGANISATION ON BEHALF OF WASHINGTON'S FEDERAL BUREAU OF INVESTIGATION, AND THAT FBI DENIALS OF UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 27832 02 OF 03 301335Z

SUCH AN OPERATION WERE DUE TO THE BUREAU'S EMBARRASSMENT AT HAVING HAD A COVERT OPERATION, RUN WITHOUT THE KNOWLEDGE OF THE BRITISH AUTHORITIES, REVEALED IN OPEN COURT.

EARLIER THIS YEAR, LAWYERS APPLIED FOR HERRMANN'S REPATRIATION TO AN AMERICAN PRISON UNDER THE 1984 REPATRIATION OF PRISONERS ACT. DOCUMENTATION FOR SUCH A TRANSFER WAS BEING PROCESSED AND HE WAS DUE TO RETURN HOME ON OCTOBER 31.

HOWEVER, SINCE THE DISCLOSURES IN WASHINGTON ABOUT THE IRANIAN ARMS DEAL, THE DEPARTMENT OF JUSTICE HAS INSISTED THAT IT HAS NOT RECEIVED FINAL CONSENT FROM HERRMANN NECESSARY FOR THE TRANSFER TO TAKE PLACE.

INVESTIGATIONS BY THE SUNDAY TELEGRAPH SHOW THAT THE DISPUTED FINAL CONSENT FORM, THOUGH SIGNED BY HERRMANN ON NOVEMBER 6, HAS NOT BEEN FORWARDED BY THE HOME OFFICE TO WASHINGTON.

IN ADDITION TO A BRAKE BEING PLACED ON HERRMANN'S REPATRIATION WHILE THE SENATE COMMITTEE HEARINGS INTO THE IRANIAN ARMS DEAL CONTINUES, HE IS ALSO TO BE MOVED TO THE PARKHURST HIGH SECURITY PRISON ON THE ISLE OF WIGHT, DESPITE BEING A LOW-RISK CATEGORY C PRISONER.

ACCORDING TO ONE SENIOR WHITEHALL SOURCE: "IT IS FAIRLY CLEAR THAT THE AMERICANS DO NOT WANT THIS MAN BACK IN THE COUNTRY, AND THEREFORE ACCESSIBLE TO THE SENATE INQUIRY, WHILE THE IRAN ARMS DEAL IS BEING INVESTIGATED."

FOR HIS PART, HERRMANN INSISTS THAT HE COULD PROVIDE NEW EVIDENCE TO THE SENATE COMMITTEE WHICH WOULD SERVE TO CLARIFY THE DEGREE OF CIA INVOLVEMENT IN THE EARLY CONTACTS WITH TEHERAN OFFICIALS OVER A HOSTAGE-FOR-ARMS

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 LONDON 27832 02 OF 03 301335Z

UNCLASSIFIED

NNNN

UNCLASSIFIED

PAGE 01 LONDON 27832 03 OF 03 301335Z
ACTION OCS-06

INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 CIAE-00 H-01

NSCE-00 NSAE-00 L-03 PA-02 PPT-01 CA-02 DS-01
DSE-00 /027 W

-----117046 301451Z /43

P 301327Z D

EC 86

FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5831
INFO AMEMBASSY DUBLIN
AMCONSUL EDINBURGH POUCH)
AMCONSUL BELFAST POUCH)

UNCLAS SECTION 03 OF 03 LONDON 27832

E.O.12356: N/A

TAGS: PREL, IR, UK, CASC (HERRMANN, WILLIAM)
SUBJECT: LONDON SUNDAY TELEGRAPH REPORTS JAILED
DEAL.

HE SAYS THAT HIS TESTIMONY COULD ALSO CLARIFY WHETHER
THE CIA WAS OPERATING WITH WHITE HOUSE KNOWLEDGE AND
APPROVAL.

"I AM KEEN TO GIVE EVIDENCE TO THE SENATE INQUIRY SINCE
I FEEL CERTAIN THAT MY TESTIMONY WOULD BE INVALUABLE ...
BUT ONLY IF THE SENATE IS SERIOUS ABOUT LEARNING THE
TRUTH," SAYS HERRMANN.

END TEXT

SEITZ

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 27832 03 OF 03 301335Z